

ÖSSUR Q1 RESULTS 2017

Highlights Q1 2017

- Sales amounted to USD 131 million compared to USD 114 million in Q1 2016, corresponding to 17% growth and 7% organic, both measured in local currency.
- Gross profit amounted to USD 82 million and 62% of sales, compared to USD 71 million and 63% of sales in Q1 2016.
- EBITDA amounted to USD 20 million or 16% of sales, compared to USD 19 million or 16% of sales in Q1 2016, corresponding to a 26% growth measured in local currency. Underlying operational margin improvements were neutralized by negative impact from changes in foreign exchange rates and temporary negative impact from acquisitions.
- Net profit grew by 13% in USD terms and amounted to USD 10 million or 8% of sales, compared to USD 9 million or 8% of sales in Q1 2016.
- Cash generated by operations amounted to USD 10 million or 7% of sales, compared to USD 16 million or 14% of sales in Q1 2016.
- Dividends of DKK 0.12 per share, corresponding to approximately 15% of the Company's net profit in 2016, were paid at the end of March 2017.
- Registration of the share capital reduction of 5,837,832 shares with a nominal value of ISK 1 each was completed on 11 April 2017. The shares were removed from trading on Nasdaq Copenhagen on 19 April 2017 and the total share capital is afterwards ISK 437,162,725.
- Össur acquired 6,689,988 of own shares in Q1 2017 for approximately USD 25 million.

Financial Guidance for 2017

The financial guidance for the full year of 2017 is unchanged:

- Sales growth LCY in the range of 7-8%
- Organic sales growth LCY in the range of 4-5%
- EBITDA margin before special items in the range of 19-20% of sales
- Capital expenditures around 4% of net sales
- Effective tax rate around 26%

Jon Sigurdsson, President & CEO, comments:

"We are pleased to deliver a quarter with solid organic sales growth and stable profitability, bearing in mind that the first quarter of the year is seasonally our weakest. EMEA and APAC had strong growth in both business segments during the quarter and we saw good performance in our prosthetics business in the Americas. Our high-end innovative products are driving growth on a global level. Integration of our recently acquired companies, Touch Bionics and Medi Prosthetics, is going as planned and we are excited to realize their potential."

Conference Call

Össur will host a conference call on Friday 28 April 2017 at **9:00 CET / 7:00 GMT / 3:00 EDT**.

To participate in the call please dial: Europe: + 45 3544 5580, +44 (0) 203 364 5374 or +46 (0) 8 505 564 74,

The United States: + 1 855 753 2230, Iceland: +354 800 7417. A webcast can be followed on the Össur website:

www.ossur.com/investors

Financial Highlights and Key Ratios

USD m		Q1 2017	Q1 2016	2016	2015	2014	2013	2012
Income Statement								
Net sales		131	114	521	483	509	436	399
Gross profit		82	71	328	303	323	270	248
Operating expenses (excl. other income)		67	58	256	226	237	210	191
EBITDA		20	19	94	97	104	75	70
EBITDA adjusted		20	19	98	99	104	80	70
EBIT		15	14	72	77	86	60	57
Net profit		10	9	51	51	59	41	38
Sales growth								
Sales growth USD	%	15	0	8	(5)	17	9	0
Growth breakdown:								
Organic growth in LCY	%	7	3	4	5	5	2	3
Currency effect	%	(2)	(3)	(1)	(10)	(1)	1	(3)
Acquired/divested business	%	10	0	5	1	13	6	1
Balance Sheet								
Total assets		747	670	746	653	678	706	591
Equity		449	467	467	463	442	448	408
Net interest-bearing debt (NIBD)		149	68	119	58	93	108	82
Cash Flow								
Cash generated by operations		10	16	88	84	98	73	71
Free cash flow		2	5	42	42	68	49	43
Key ratios								
Gross profit margin	%	62	63	63	63	63	62	62
EBIT margin	%	11	12	14	16	17	14	14
EBITDA margin	%	16	16	18	20	20	17	18
EBITDA adjusted margin	%	16	16	19	20	20	18	18
Equity ratio	%	60	70	63	71	65	63	69
Net debt to adj EBITDA*		1.5	0.7	1.2	0.6	0.9	1.3	1.2
Effective tax rate	%	26	26	25	25	24	26	26
Return on equity*	%	11	12	11	11	13	10	10
CAPEX / Net sales	%	2.6	4.9	4.7	4.9	3.3	3.9	3.6
Market								
Market value of equity		1,643	1,685	1,582	1,546	1,311	880	606
Number of shares	Millions	443	443	443	446	454	454	454
Diluted EPS	US cent	2.3	2.0	11.6	11.5	13.1	9.1	8.4
Diluted cash EPS	US cent	3.6	3.1	16.5	16.0	17.2	12.5	11.3

*Financial ratios for Q1 2017 and Q1 2016 are based on operations for the preceding 12 months.

Management's Report

Q1 HIGHLIGHTS

Sales Performance

Sales amounted to USD 131 million compared to USD 114 million in Q1 2016, corresponding to a local currency growth of 17% and 7% organic growth.

Due to the depreciation of a few major operational currencies against the USD and the appreciation of the ISK against the USD, currency movements in Q1 2017 impacted the operating results negatively compared to Q1 2016; sales was affected by USD 2 million and EBITDA by the same amount.¹

Sales by Segments and Regions in Q1 2017

USD m	Q1 2017	% of sales	Sales growth USD	Sales growth LCY	Organic sales growth LCY
EMEA	65	50%	17%	22%	11%
Americas	56	43%	11%	10%	1%
APAC	9	7%	24%	21%	14%
Total	131	100%	15%	17%	7%

USD m	Q1 2017	% of sales	Sales growth USD	Sales growth LCY	Organic sales growth LCY
Bracing and supports	67	51%	1%	3%	3%
Prosthetics	64	49%	34%	35%	11%
Other	0	0%	-10%	0%	0%
Total	131	100%	15%	17%	7%

Bracing and supports

Bracing and supports (B&S) sales amounted to USD 67 million and grew by 3%, organically and measured in local currency. Sales of B&S products in EMEA were good in most major markets, where growth was primarily driven by our high-end innovative products. Americas had a soft quarter due to operational challenges with own distribution companies in the US whereas direct sales continued to grow. Sales of B&S products in the US are mainly through direct sales, while a relatively small share is through own distribution companies. The nature of the operational challenges in our own distribution companies is mainly related to internal restructuring efforts. Average yearly growth in direct sales remains in line with the market growth in the US, or about 3-4%. Sales of B&S products in APAC were strong in all key markets.

Prosthetics

Prosthetics sales amounted to USD 64 million and grew by 35% and 11% organic, both measured in local currency. Sales growth continued to be strong in bionics, with good contribution from the RHEO® knee. Excellent growth came from all three sales regions which grew above double digits measured in local currency. Americas and EMEA had an excellent quarter in all major sales regions with strong growth from high-end innovative products. APAC sales were good and we are beginning to see a positive momentum after adjusting our sales approach in China.

Sales of bionic products in the quarter accounted for 26% of prosthetics component sales, compared to 15% in Q1 2016.

No new information has been made public regarding the previously disclosed information on a workgroup formed by Medicare to draft a proposal describing current best practices in prosthetic care and identifying research evidence gaps.

¹The methodology used to calculate the currency impact is to convert the Q1 2017 operating results on the average exchange rates of Q1 2016

Gross Profit

Gross profit amounted to USD 82 million or 62% of sales, compared to USD 71 million or 63% of sales in Q1 2016.

Product mix impact was positive from both Prosthetics and B&S, driven by bionics and high-end products. However, the net effect of currency movement affected gross profit margin negatively by 40 basis points, mainly due to the depreciation of the GBP and appreciation of the ISK against the USD.

Operating Expenses

Operating expenses amounted to USD 67 million or 51% of sales compared to 58 million or 51% of sales in in Q1 2016.

Operating expenses grew in Q1 by 15% compared to Q1 2016, measured in local currency. The largest portion of the growth is due to the acquisitions made in 2016.

EBITDA

EBITDA amounted to USD 20 million or 16% of sales, compared to USD 19 million or 16% of sales in Q1 2016. EBITDA growth amounted to 26% measured in local currency.

Underlying operational margin improvements were neutralized by negative impact from changes in foreign exchange rates and temporary negative impact from acquisitions. Currency movements affected the EBITDA margin negatively by about 120 basis points and the recently acquired companies, Medi Prosthetics and Touch Bionics, affected the EBITDA margin negatively by 70 basis points. The impact from acquisitions is temporary as synergies are expected to materialize in 2017 and 2018 as previously communicated.

It is expected that one-time costs of around USD 3 million will be expensed in Q2 2017 due to the integration of Medi Prosthetics.

Financial Items, Tax and Net Profit

Net financial expenses amounted to USD 1.2 million compared to USD 1.0 million in Q1 2016. Net exchange rate difference was negative by USD 0.4 million compared to negative USD 0.3 million in Q1 2016.

Income tax amounted to USD 3.6 million, corresponding to 26% effective tax rate, compared to USD 3.2 million and 26% effective tax rate in Q1 2016.

Net profit amounted to USD 10 million or 8% of sales, compared to USD 9 million or 8% of sales in Q1 2016.

Cash Flow

Cash generated by operations in the quarter amounted to USD 10 million or 7% of sales, compared to USD 16 million or 14% of sales in Q1 2016. Cash generation in the first quarter of the year is generally weaker compared to the quarterly average due to seasonal working capital investments.

Capital expenditure amounted to USD 3.4 million or 2.6% of sales, compared to USD 5.6 million or 4.9% of sales in Q1 2016.

Capital Structure, Share Buybacks and Dividends

Net interest bearing debt at the end of the quarter amounted to USD 149 million.

Össur's Capital Structure and Dividend Policy was updated in February 2017 by the Board of Directors. The only change in the policy is a change in the desired level of net interest bearing debt to EBITDA from 0.5-1.5x to 1-2x.

The Capital Structure and Dividend Policy

Össur's policy is to maintain a healthy balance sheet and a level of net interest bearing debt of 1-2x to EBITDA. Excess capital is returned to shareholders via annual cash dividends and/or purchase of own shares. Össur's policy is to distribute a relatively stable cash dividend. The cash dividends will be decided annually in DKK per share. Return of capital to shareholders is based on objectives of maintaining a solid financial position, operational outlook and investment requirements.

Share Buybacks and proposal to reduce share capital

In December 2015, Össur initiated a "Safe Harbor" share buyback program on Nasdaq Copenhagen. The program was carried out in accordance with the provisions of the European Commission's Regulation No. 2273/2003. The purpose of the program was to reduce the Company's share capital and adjust the capital structure by distributing capital to shareholders in line with the Company's Capital Structure and Dividend Policy. The program ended on 30 November 2016 and the Company purchased 1,981,334 shares for approximately DKK 49 million (USD 7 million) through this program (124,915 shares were purchased under the program in 2015).

On 1 December 2016, Össur initiated a new share buy-back program on Nasdaq Copenhagen. The program is carried out in accordance with Regulation No. 596/2014 of the European Parliament and of the Council on market abuse ("MAR"), and the Commission's delegated regulation 2016/1052. Össur acquired 6,689,988 of own shares in Q1 2017 for approximately USD 25 million.

The Board of Directors proposed to the Annual General Meeting in 2017 to reduce the share capital by ISK 5,837,832 by way of canceling 5,837,832 of the Company's own shares of ISK 1 nominal value each. The motion was approved by the Annual General Meeting. The capital reduction was registered with the Icelandic Register of Enterprises on 11 April 2017 and removed from trading on NASDAQ Copenhagen with effect from 19 April 2017. The share capital of Össur is afterwards ISK 437,162,725.

Dividend for 2016

The Board of Directors proposed to the Annual General Meeting in 2017 that the Company would pay a cash dividend of DKK 0.12 per share for 2016, equivalent to 15% of net earnings in 2016. The motion was approved by the Annual General Meeting and carried out at the end of March 2017.

Acquisitions in 2016

Medi Prosthetics

In September of 2016 Össur acquired Medi Prosthetics from Medi. Medi Prosthetics is a global provider of mechanical lower limb prosthetic components, located in Bayreuth, Germany. In 2015 total sales amounted to EUR 15 million (USD 17 million). The acquisition enabled Össur to take another step to complete its prosthetics offering and further strengthen its global market position. Medi Prosthetics offers a well-respected mechanical product line with strongholds in the knee and liner segment.

The integration of the Medi Prosthetics business is going as planned. Synergies between the operations of Össur and Medi Prosthetics are expected to be fully achieved in the second half of 2017, increasing the EBITDA margin of Medi Prosthetics to a similar level as the pre-acquisition Össur business.

Touch Bionics

In April of 2016 Össur acquired Touch Bionics for GBP 27.5 million (USD 40 million) on debt and cash free basis. Touch Bionics is a leading global provider of innovative upper extremity prosthesis and supporting services. The acquisition was financed through existing loan facilities. In 2015, total sales amounted to GBP 15 million (USD 21 million) with an adjusted EBITDA of GBP 0.9 million (USD 1.3 million). With the acquisition, Össur entered the upper extremity prosthetic market enabling the Company to offer a complete bionic product portfolio to customers in the prosthetic industry. Together, Össur and Touch are well positioned to further strengthen their worldwide market position in both lower and upper limb prosthetics. The acquisition of Touch Bionics is a further display of Össur's commitment to upgrading prosthetic technology resulting in effective clinical outcomes and improved quality of life.

The integration is going as planned and synergies between the operations of Össur and Touch Bionics are expected to be fully achieved in 2018, ultimately increasing the EBITDA margin of Touch Bionics to a similar level as the pre-acquisition Össur business.

General Update

Risks associated to potential changes to the business environment in the United States

Recently the possibility of import tariffs on products manufactured and imported from Mexico to the United States has been discussed by US authorities. Össur could be impacted as it currently manufactures majority of its products in Iceland, Mexico and in China. The Össur products manufactured in Mexico and sold in the United States are a relatively small share of the total sales in the United States. Therefore, it is currently estimated by the management that import tariffs on those products would not have a significant impact on the Company's operations.

New IFRS Standards

Two newly issued but not yet effective IFRS standards are relevant to Össur: IFRS 15, Revenue from Contracts with Customers and IFRS 16, Leases. IFRS 15 is effective starting on 1 January 2018 and IFRS 16 on 1 January 2019 with a permission for early adoption. The European Union has endorsed the IFRS 15 but not yet IFRS 16. More details and an assessment from the management on these standards can be found in note 31.2 in the full year 2016 Consolidated Financial Statements.

Central Bank of Iceland's New Rules on Foreign Exchange

In March 2017, Össur received a confirmation from the Central Bank of Iceland that from 14 March 2017, when the Icelandic Rules on Foreign Exchange No. 200/2017 came into effect, there are no longer any restrictions on converting and transferring Össur shares from the Icelandic market to the Danish market and vice versa. Icelandic investors can now trade Össur shares on the Danish market without restrictions, but purchases are subject to notification to the Central Bank of Iceland.

FX Matters

The financials in the quarter are affected by the depreciation of a few major operational currencies against the USD and the appreciation of the ISK against the USD. Due to these currency movements, the absolute numbers in the financials are affected negatively compared to last year. Split of sales and expenses by main currencies can be found in note 4 in the accompanying Consolidated Financial Statements. As can be seen in the note, the EBITDA margin is fairly well hedged for currency movements and one of the key variables for this hedge to hold is that the EUR and the ISK move in tandem to the USD, which has however not been the case in the recent quarters. In January 2017, Össur entered into forward contracts covering approximately half of the estimated ISK costs in 2017. In Q1 the ISK has strengthened versus the USD proportionately more than other major operating currencies resulting in a negative impact on profitability.

Products

In Q1 2017, 39 new products and product upgrades were introduced to the market; 14 bracing and supports products and 25 prosthetics products, whereby a majority was contributed by the acquisition of Medi Prosthetics. Product highlights during the quarter include:

Medi Prosthetics

In Q1 the Medi Prosthetics liner and knee portfolio was integrated into the Össur product offering.

Rebound® Foot-Up

Rebound Foot-Up® is a lightweight ankle foot orthosis that offers dynamic support for drop-foot or related disorders.

Financial Calendar and Upcoming Events & Conferences

Össur Capital Markets Day 2017

Össur invites financial analysts, institutional investors, lenders and financial media to a Capital Markets Day in Copenhagen on 27 September 2017. The Capital Markets Day is hosted by Jon Sigurdsson, President & CEO, along with key members of the management team. Further details on the Capital Markets Day, including the agenda and location, will become available at www.ossur.com/investors in due time.

Financial Calendar

Q2 2017 Results	25 July 2017
Q3 2017 Results	24 October 2017
Q4 2017 Results	5 February 2018
2018 Annual General Meeting (IS)	8 March 2018

Upcoming Events & Conferences

Goldman Sachs 14th Annual European Medtech and Healthcare Services Conference (UK)	6-7 September 2017
InvestorDay in Copenhagen (DK)	19 September 2017
Össur Capital Markets Day (DK)	27 September 2017
Danske Bank Copenhagen Winter Seminar (DK)	13 December 2017

Further information:

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David Hreidarsson, Investor Relations	Tel: +354 515 1380

Össur press releases by e-mail

If you wish to receive Össur press releases by e-mail please register at the web-site: www.ossur.com/investors.

About Össur

Össur (NASDAQ: OSSR) is a global leader in non-invasive orthopaedics that helps people live a life without limitations. Its business is focused on improving people's mobility through the delivery of innovative technologies within the fields of braces, supports, prosthetic limbs and compression therapy. A recognized "Technology Pioneer", Össur invests significantly in research and product development; its award-winning designs ensuring a consistently strong position in the market. Successful patient and clinical outcomes are further empowered via Össur's educational programs and business solutions. Headquartered in Iceland, Össur has major operations in the Americas, Europe and Asia, with additional distributors worldwide. www.ossur.com

Forward-Looking Statements

This press release includes "forward-looking statements" which involve risks and uncertainties that could cause actual results to differ materially from results expressed or implied by these statements. Össur hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.

Statement by the Board of Directors, President and CEO

The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 31 March 2017 consist of the Financial Statements of Össur hf. and its subsidiaries. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU. The Condensed Interim Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total sales of the Össur Consolidation amounted to USD 131.0 million and the net profit amounted to USD 10.2 million. Össur's Consolidated total assets amounted to USD 747.3 million at the end of period, liabilities were USD 298.3 million, and equity was USD 449.0 million.

It is our opinion that these Condensed Interim Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 31 March 2017 and operating performance of the period ended 31 March 2017.

The Board of Directors and the President and CEO of Össur hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January to 31 March 2017 and confirm them by means of their signatures.

Reykjavík, 27 April 2017

Board of Directors

Niels Jacobsen
Chairman of the Board

Arne Boye Nielsen

Kristján T. Ragnarsson

Guðbjörg Edda Eggertsdóttir

Svafa Grönfeldt

President and CEO

Jón Sigurðsson

Consolidated Income Statement

All amounts in USD '000	Notes	Q1 2017	Q1 2016
Net sales	3	131,006	114,194
Cost of goods sold		(49,317)	(42,810)
Gross profit		81,689	71,384
Other income / expenses		33	67
Sales and marketing expenses		(45,011)	(40,729)
Research and development expenses		(6,854)	(5,062)
General and administrative expenses		(14,862)	(11,957)
Earnings before interest and tax (EBIT)		14,995	13,703
Financial income		466	128
Financial expenses		(1,289)	(811)
Net exchange rate difference		(383)	(285)
Net financial income / (expenses)	5	(1,206)	(968)
Share in net profit / (loss) of associated companies		14	(581)
Earnings before tax (EBT)		13,803	12,154
Income tax		(3,634)	(3,180)
Net profit		10,169	8,974
Attributable to:			
Owners of the Company		10,300	8,980
Non-controlling interests		(131)	(6)
		10,169	8,974
Earnings per share	6		
Basic earnings per share (US cent)		2.4	2.0
Diluted earnings per share (US cent)		2.3	2.0

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Notes	Q1 2017	Q1 2016
Net profit		10,169	8,974
Items that may be reclassified subsequently to profit or loss:			
Change in cash flow hedges		0	46
Translation difference of shares in foreign operations		3,420	8,435
Income tax relating to components of other comprehensive income		(3)	18
		3,417	8,499
Total comprehensive income		13,586	17,473
Attributable to:			
Owners of the Company		13,717	17,479
Non-controlling interests		(131)	(6)
		13,586	17,473

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.03.2017	31.12.2016
Property, plant and equipment	7	52,706	52,837
Goodwill	8	396,914	394,123
Other intangible assets	9	44,565	45,592
Other financial assets		17,261	19,376
Deferred tax assets		20,521	23,739
Non-current assets		531,967	535,667
Inventories		80,133	75,296
Accounts receivables		80,681	82,109
Other assets		19,752	18,233
Bank balances and cash	10	34,767	35,091
Current assets		215,333	210,729
Total assets		747,300	746,396

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	Notes	31.03.2017	31.12.2016
Issued capital		124,809	149,606
Reserves		(49,166)	(52,867)
Retained earnings		372,649	369,689
Equity attributable to owners of the Company		448,292	466,428
Non-controlling interest in equity		671	763
Total equity		448,963	467,191
Borrowings		165,250	130,095
Deferred tax liabilities		25,637	28,626
Provisions		5,868	6,519
Non-current liabilities		196,755	165,240
Borrowings		18,463	24,430
Accounts payable		20,532	17,810
Taxes payable		8,351	8,152
Provisions		4,350	5,741
Accrued salaries and related expenses		29,305	30,844
Other liabilities		20,581	26,988
Current liabilities		101,582	113,965
Total equity and liabilities		747,300	746,396

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	Q1 2017	Q1 2016
Profit from operations		14,995	13,703
Depreciation and amortization	7, 9	5,436	4,799
(Gain) / loss on disposal of assets		7	32
Change in provisions		(1,447)	(423)
Change in inventories		(4,209)	(3,560)
Change in receivables		552	4,290
Change in payables		(5,669)	(2,804)
Cash generated by operations		9,665	16,037
Interest received		356	100
Interest paid		(1,111)	(857)
Income tax paid		(3,339)	(4,410)
Net cash provided by operating activities		5,571	10,870
Purchase of fixed and intangible assets	7, 9	(3,367)	(5,582)
Proceeds from sale of fixed assets		1	30
Acquisition of subsidiaries		(704)	0
Changes in financial assets		2,141	(20)
Cash flows from investing activities		(1,929)	(5,572)
Repayments of long-term borrowings		(24,710)	(19)
Changes in revolving credit facility		52,733	12,489
Payment of dividends		(7,340)	(7,813)
Increase in interest that does not affect control		(225)	0
Change in treasury shares		(24,797)	(6,049)
Cash flows from financing activities		(4,339)	(1,392)
Net change in cash		(697)	3,906
Effects of exchange rate changes on:			
Balance of cash held in foreign currencies		446	1,110
Other items held in foreign currencies		(73)	(614)
Cash at beginning of period		35,091	25,707
Cash at end of period		34,767	30,109

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Fair value reserve	Translation reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2016	4,986	169,538	1,267	856	51	(44,068)	329,312	461,942	1,085	463,027
Net profit							8,980	8,980	(6)	8,974
Change in cash flow hedges net of tax					32			32		32
Translation difference of shares in foreign operations						8,467		8,467		8,467
Total comprehensive income for the period	0	0	0	0	32	8,467	8,980	17,479	(6)	17,473
Payment of dividends							(7,813)	(7,813)	(0)	(7,813)
Share option charge for the period				175				175		175
Share option vested during the period	3	969		(233)			(621)	118		118
Purchase of treasury shares	(15)	(6,385)						(6,400)		(6,400)
Balance at 31 March 2016	4,974	164,122	1,267	798	83	(35,601)	329,858	465,501	1,078	466,579
Balance at 1 January 2017	4,933	144,673	1,267	1,553	83	(55,770)	369,689	466,428	763	467,191
Net profit							10,300	10,300	(131)	10,169
Translation difference of shares in foreign operations						3,417		3,417		3,417
Total comprehensive income for the period	0	0	0	0	0	3,417	10,300	13,717	(131)	13,586
Payment of dividends							(7,340)	(7,340)	0	(7,340)
Share option charge for the period				355	(71)			284		284
Change in Non-controlling interests								0	40	40
Purchase of treasury shares	(62)	(24,735)						(24,797)		(24,797)
Balance at 31 March 2017	4,871	119,938	1,267	1,908	12	(52,353)	372,649	448,292	671	448,963

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

1.1 Statement of compliance

The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34 as adopted by the EU. The Condensed Interim Consolidated Financial Statements are presented in accordance with the new and revised standards (IFRS / IAS) and new interpretations (IFRIC), applicable in the period. The implementation of new and revised standards did not have any impact on the Company's Financial Statements. The Company has not early applied new and revised IFRSs that have been issued but are not yet effective. The Financial Statements are presented in USD, which is the Company's functional currency. They do not include all of the information required for full annual Financial Statements and should be read in conjunction with the Company's Annual Financial Statements for the period ended 31 December 2016. The Company's Annual Financial Statements can be found on Company's website www.ossur.com.

1.2 Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The accounting policies adopted are consistent with those followed in the preparation of the Company's Annual Financial Statements for the period ended 31 December 2016.

2. Quarterly statements

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net sales	131,006	138,409	129,158	138,987	114,194
Cost of goods sold	(49,317)	(51,887)	(47,991)	(49,622)	(42,810)
Gross profit	81,689	86,522	81,167	89,365	71,384
Gross profit margin	62%	63%	63%	64%	63%
Other income / expenses	33	93	(42)	32	67
Sales and marketing expenses	(45,011)	(45,760)	(42,418)	(46,249)	(40,729)
Research and development expenses	(6,854)	(6,889)	(5,790)	(5,425)	(5,062)
General and administrative expenses	(14,862)	(14,283)	(14,053)	(17,802)	(11,957)
EBIT	14,995	19,683	18,864	19,921	13,703
Net financial income / (expenses)	(823)	(574)	(842)	(697)	(683)
Net exchange rate difference	(383)	371	(406)	635	(285)
Share in profit of associated companies	14	(145)	(162)	(385)	(581)
EBT	13,803	19,335	17,454	19,474	12,154
Income tax	(3,634)	(4,847)	(4,474)	(4,918)	(3,180)
Net profit	10,169	14,488	12,980	14,556	8,974
EBITDA	20,431	25,668	24,375	25,323	18,502
EBITDA margin	16%	19%	19%	18%	16%
EBITDA adjusted	20,431	25,668	24,375	29,931	18,502
EBITDA adjusted margin	16%	19%	19%	22%	16%

3. Net sales

	Q1 2017	Q1 2016
Specified according to geographical segments:		
EMEA	65,292	55,861
Americas	56,446	50,864
APAC	9,268	7,469
	131,006	114,194
Specified according to product lines:		
Bracing and Supports	66,761	66,055
Prosthetics	63,994	47,860
Other products	251	279
	131,006	114,194

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	Q1 2017			Q1 2016		
	LCY	USD	%	LCY	USD	%
Sales						
USD	52,502	52,502	40%	48,771	48,771	43%
EUR	35,739	38,061	29%	29,085	32,057	28%
ISK	57,982	518	1%	48,515	378	0%
Nordic curr. (SEK, NOK, DKK)		17,535	13%		15,652	14%
Other (GBP, AUD, CAD & Other)		22,390	17%		17,336	15%
		131,006	100%		114,194	100%
COGS and OPEX						
USD	47,505	47,505	41%	43,365	43,365	43%
EUR	22,607	24,076	21%	19,069	21,017	21%
ISK	1,626,922	14,544	12%	1,523,462	11,857	12%
Nordic curr. (SEK, NOK, DKK)		17,086	15%		16,641	17%
Other (GBP, MXN, CAD & Other)		12,800	11%		7,611	7%
		116,011	100%		100,491	100%

5. Financial income / (expenses)

	Q1 2017	Q1 2016
Interests on bank deposits	345	101
Other financial income	121	27
Financial income	466	128
Interests on loans	(799)	(578)
Other financial expenses	(490)	(233)
Financial expenses	(1,289)	(811)
Net exchange rate differences	(383)	(285)
Net financial income / (expenses)	(1,206)	(968)

6. Earnings per share

	Q1 2017	Q1 2016
Net profit	10,169	8,974
Total weighted average number of ordinary shares (in thousands)	431,955	442,841
Total weighted average number of shares including potential shares (in thousands)	433,421	444,365
Basic earnings per share (US cent)	2.4	2.0
Diluted earnings per share (US cent)	2.3	2.0
Cash earnings per share	3.6	3.1
Diluted cash earnings per share	3.6	3.1

Notes to the Consolidated Financial Statements

7. Property, plant and equipment

2017	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipments	Total
Cost					
At 1 January	11,527	77,828	30,257	13,182	132,794
Additions	48	1,383	497	676	2,604
Acquired on acquisition of subsidiary	0	196	(239)	3	(40)
Exchange rate differences	129	381	475	103	1,088
Eliminated on disposal	0	(408)	(4)	(704)	(1,115)
Fully depreciated assets	0	0	0	0	0
At 31 March 2017	11,704	79,380	30,987	13,261	135,331
Depreciation					
At 1 January	7,929	46,705	15,875	9,448	79,957
Charge for the period	88	1,890	844	445	3,267
Acquired on acquisition of subsidiary	0	27	(69)	2	(40)
Exchange rate differences	89	260	126	71	546
Eliminated on disposal	0	(401)	(4)	(700)	(1,105)
Fully depreciated assets	0	0	0	0	0
At 31 March 2017	8,106	48,481	16,772	9,266	82,625
At 31 March 2017	3,598	30,899	14,215	3,994	52,706

Depreciation classified by operational category:	Q1 2017	Q1 2016
Cost of goods sold	1,930	1,735
Sales and marketing expenses	493	343
Research and development expenses	195	127
General and administrative expenses	649	679
	3,267	2,884

8. Goodwill

	31.03.2017	31.12.2016
At 1 January	394,123	369,238
Arising on acquisition of subsidiaries	0	35,065
Exchange rate differences	2,791	(10,180)
	396,914	394,123

The carrying amount of goodwill was allocated to the following cash-generating units:

	31.03.2017	31.12.2016
Americas	221,405	221,211
EMEA	159,124	157,304
APAC	16,385	15,608
	396,914	394,123

Notes to the Consolidated Financial Statements

9. Other intangible assets

2017	Cust./distrib relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	34,519	13,254	12,625	35,287	95,685
Additions	68	0	0	657	725
Additions - internally generated	0	0	0	38	38
Exchange rate differences	343	109	159	61	672
At 31 March 2017	34,930	13,363	12,784	36,043	97,120
Amortization					
At 1 January	25,471	1,853	201	22,569	50,094
Charge for the period	621	224	34	1,290	2,169
Exchange rate differences	233	11	25	23	292
At 31 March 2017	26,325	2,088	260	23,882	52,555
At 31 March 2017	8,605	11,275	12,524	12,161	44,565

Amortization classified by operational category:	Q1 2017	Q1 2016
Cost of goods sold	316	286
Sales and marketing expenses	1,123	1,294
Research and development expenses	252	18
General and administrative expenses	478	317
	2,169	1,915

10. Bank balances and cash

	31.03.2017	31.12.2016
Bank accounts	32,054	32,171
Bankers draft received	2,559	2,867
Cash and other cash equivalents	154	53
	34,767	35,091

Notes to the Consolidated Financial Statements

11. Share option contracts

	Number of shares	Grant/Issue year	Exercise year	Exercise price (in DKK)	Fair value at grant date (in DKK)
Issued to executive management:					
Jón Sigurðsson President and CEO	1,250,000	2015 / 2016	2018 / 2019	21.9 / 25.9	24.1 / 25.8
Members of executive management (4 persons)	925,000	2015	2018	19.4 / 21.9	19.0 / 24.1
Members of executive management (7 persons)	1,300,000	2016	2019	22.4 / 26.8	23.0 / 26.9
Members of executive management (1 persons)	225,000	2017	2020	25.0	26.1
	3,700,000				
Issued to management team:					
Twenty managers	1,200,000	2015	2018	19.4 / 23.9	19.0 / 24.1
Thirteen managers	625,000	2016	2019	22.4 - 26.8	23.0 - 26.9
Two managers	75,000	2017	2020	25.0	26.1
	1,900,000				
Total issued option contracts	5,600,000				

Movements in share options during the period

	31.03.2017		31.12.2016	
	Number of shares	Weighted average contract rate (in DKK)	Number of shares	Weighted average contract rate (in DKK)
Outstanding at beginning of period	5,300,000	23.2	4,050,000	17.0
Granted during period	300,000	25.0	2,550,000	25.3
Exercised during period			(1,300,000)	7.8
Outstanding at end of period	5,600,000	23.3	5,300,000	23.2

Estimated remaining cost due to the share option contracts is USD 2.4 million. An expense of USD 0.4 million (2016: USD 0.2 million) is recognized in the Income Statement for the period.

12. Litigation

Vincent Systems, a German manufacturer of prosthetic hands, filed a lawsuit in Germany against Touch Bionics in November 2016. Vincent Systems claims that certain Touch Bionics products, which include the i-digit finger element in hand prosthesis, infringe one European patent valid only in Germany. Touch Bionics and Össur deny allegations of infringement. Management expects the case to be resolved during 2017 and that the majority of legal costs and other related expenses will materialize during the year. While Touch Bionics and Össur are confident in their positions on the merits, the likely outcome of the case remains uncertain.